UNNUMBERED LETTERS ISSUED FOR THE MONTH OF FEBRUARY 2005

Dated	Subject	Distribution
02-02-05	Administrative Budget Teleconference	S/D
	Administrative Budget Teleconference	N.O.Officials
02-04-05	Fiscal Year (FY) 2005 Single Family Housing Section 502 Direct Program Funding Update	S/D
02-07-05	Probationary Employees	S/D
02-11-05	Interest Rate Changes for Housing Programs and Credit Sales (Nonprogram)	S/D, RDM, AD
02-14-05	Critical Access Hospitals	S/D
02-16-05	Personal Property Furnished to Non-Federal Recipients	S/D
	Capturing Information Technology Service Costs	S/D
02-17-05	Best Practices for Community Facilities Loans For Childcare Projects	S/D
02-18-05	Award of Homeownership Partnership Funds for Fiscal Year 2005	S/D
02-22-05	Rural Business Enterprise Grant Program Community Transportation Association of America Servicing Action	S/D
02-28-05	Gift Acceptance Policy	S/D

February 2, 2005

SUBJECT: Administrative Budget Teleconference

TO: Rural Development State Directors

ATTN: Administrative Program Directors

A teleconference has been scheduled for **Tuesday, February 15, 2005, from 2:00 p.m. to 3:30 p.m. EST**. To connect to the teleconference, please call **202-554-1742**. The access code is **4936** followed by the pound (#) sign. A limited number of lines have been made available for this call, so please maximize the number of employees calling from each location.

The purpose of the teleconference is to discuss issues related to the FY 2005 administrative budget. All State personnel who perform work on administrative budgets and/or FFIS area are encouraged to participate.

If you have issues that you would like to have addressed, please send your **requests no later than COB Friday, February 4, 2005,** to Deborah Watt at deborah.watt@usda.gov. Issues relating to FFIS may be sent to the Fiscal Control Branch at fcb@stl.rural.usda.gov. Due to time constraints, we may not be able to address specific questions regarding your State that do not pertain to the mission area as a whole.

Please call Deborah Watt at 202-692-0124 if you have any questions regarding the teleconference.

(Singed by Deborah B. Lawrence)

DEBORAH B. LAWRENCE
Director
Budget Division

EXPIRATION DATE:
February 28, 2005

FILING INSTRUCTIONS:
Administrative/Other Programs

Sent by Electronic Mail on 2/2/05 at 11:25 a.m. by BD.

RURAL DEVELOPMENT
BUDGET DIVISION
TELECONFERENCE

AGENDA

PARTICIPANTS:
- Budget
- FCB
- SMB
- States

ANNOUNCEMENTS:

ISSUES:

E-MAIL RESPONSES

ROLL CALL / QUESTIONS

February 2, 2005

SUBJECT: Administrative Budget Teleconference

TO: National Office Officials

A teleconference has been scheduled for **Wednesday, February 16, 2005, from 10:00 a.m. to 11:30 a.m. EST**. The Teleconference Center in **Room 1605-S** has been reserved for use by employees in the South Building and the Whitten Building in Washington, DC. Only employees at other locations may dial into the teleconference by calling **202-554-1742.** The access code is **4936** followed by the (#) sign. A limited number of lines have been made available, so employees are urged to maximize the number of employees calling from each location to ensure access for everyone who wants to attend.

The purpose of the teleconference is to discuss issues related to the FY 2005 administrative budget. All National Office personnel who perform work on administrative budgets and/or FFIS are encouraged to participate.

If you have issues that you would like to have addressed, please send your requests **no later than COB Friday, February 4, 2005,** to Deborah Watt at deborah.watt@usda.gov. Issues relating to FFIS may be sent to the Fiscal Control Branch at fcb@stl.rural.usda.gov. Due to time constraints, we may not be able to address specific questions regarding your area that do not pertain to the mission area as a whole.

Please call Deborah Watt at 202-692-0124 if you have any questions regarding the teleconference.

(Signed by Deborah B. Lawrence)

DEBORAH B. LAWRENCE
Director
Budget Division

EXPIRATION DATE:
February 28, 2005

FILING INSTRUCTIONS:
Administrative/Other Programs

Sent by Electronic Mail on 2/2/05at 11:25 a.m. by BD.

RURAL DEVELOPMENT
BUDGET DIVISION
TELECONFERENCE

AGENDA

PARTICIPANTS:
- Budget
- FCB
- SMB

ANNOUNCEMENTS:

ISSUES:

E-MAIL RESPONSES (that impacts mission area)

ROLL CALL / QUESTIONS

February 4, 2005

TO: State Directors
Rural Development

ATTENTION: Rural Housing Program Directors

FROM: David J. Villano ***(Signed by David J. Villano)***
Deputy Administrator
Single Family Housing

SUBJECT: Fiscal Year (FY) 2005 Single Family Housing Section 502 Direct Program Funding Update

This memorandum provides updated information regarding Section 502 Direct funding pending the final release of RD Instruction 1940-L.

Funding for Section 502 Loans for Self Help

This year, $150,000,000 has been set aside for 502 Direct Self Help housing loans. With this memorandum, we are distributing reimbursement funds for the Section 502 Direct Self-Help loans obligated on or before January 31, 2005. See the attached spreadsheet for distribution amounts.

Expiration Date:
September 30, 2005

Filing Instructions:
Housing Programs

Based on feedback from States indicating either higher or lower expected needs in the Self Help program this year, we have developed an online survey allowing State Program Directors to indicate estimated Self Help funding needs for FY 2005. This survey is scheduled to be open February 7-18, 2005 and is located at http://survey.sc.egov.usda.gov/survey.aspx?surveykey=25 . Please take a moment to complete this survey. Please call Lou Paulson at 202-720-1478 if you have questions about or difficulty completing the online survey.

EZ/EC and RHLP/CDFI Funding

Funding under both of these programs will be distributed under separate cover.

Hardship Funding

States are expected to fund priority hardship cases and other funding needs from the distributed funds in all program areas. To reduce the funding held in the National Office, only small reserves will be maintained for hardships and these will only be available in the 4th quarter of the fiscal year. **Therefore, as of the date of the memorandum, hardship funds are not available until further notice.**

Non-Program and Program Real Estate Owned (REO) Sales

The National Office is continuing to maintain a reserve for program REO sales. REO funding is available through the NORF system. Please select the “REO Sale (Program VL)” or “REO Sale (Program L)” fund type when requesting these funds.

Non-program credit sale funds have been appropriated for FY 2005. These funds may be requested through the NORF system. Please select the “Credit Sale (NonProgram)” fund type when requesting credit sale funds.

Attachment

DLOS Code	STATE	SFH 502 Low Nbr Oblig	SFH 502 Low Loan Amt Obligated	SFH 502 Very Low Nbr Oblig	SFH 502 Very Low Loan Amt Obligated
2	ARIZONA			4	155,000.00
3	ARKANSAS	2	140,000.00	4	272,420.00
4	CALIFORNIA	43	3,184,815.00	40	2,910,428.00
5	COLORADO	5	58,049.00	6	276,562.00
9	FLORIDA	9	764,150.00	1	82,050.00
12	IDAHO	1	88,000.00	1	93,000.00
18	KANSAS	1	77,720.00	1	4,000.00
24	MARYLAND	3	411,755.00	1	139,090.00
28	MISSISSIPPI	1	63,800.00	2	124,080.00
38	NORTH CAROLINA	2	195,086.00		
41	OHIO	2	165,470.00		
42	OKLAHOMA	20	1,362,663.00	12	822,468.00
43	OREGON	5	581,449.00	2	235,783.00
49	TEXAS			9	386,000.00
52	UTAH	4	479,134.00	3	342,556.00
56	WASHINGTON	13	1,350,200.00	11	978,800.00
57	WEST VIRGINIA	1	82,350.00	2	162,810.00
63	PUERTO RICO	1	65,000.00		
	Totals	**113**	**9,069,641.00**	**99**	**6,985,047.00**

February 7, 2005

SUBJECT: Probationary Employees

TO: Rural Development State Directors
National Office Officials

ATTN: Administrative Program Directors
Human Resources Managers

I would like to pass along some important information regarding probationary employees.

Title 5 of the Code of Federal Regulations (CFR), Section 315.801, requires that the first year immediately following an appointment to a career conditional or career appointment from a competitive list of eligibles (U.S. Office of Personnel Management (OPM) or delegated examining certificate) be a probationary period. Section 315.802 states that prior federal service counts toward the completion of this probationary period when the prior service: (1) is in the same agency; (2) is in the same line of work; and (3) contains or is followed by no more than a 30 calendar day break in service. If the individual appointed from a certificate of eligibles does not meet all three criteria, that individual is required to serve a 1year probationary period starting on the effective date of the career conditional or career appointment.

Title 5, CFR, Section 752.401, states that adverse action procedures (proposal, reply period, and decision) apply to those employees who are defined as individuals in the competitive service who: (1) have completed a probationary or trial period; or (2) are serving on an appointment that does not require a probationary or trial period **and** have completed 1 year of current continuous service in the same or similar position under other than a temporary appointment limited to

EXPIRATION DATE:
February 28, 2006

FILING INSTRUCTIONS:
Administrative/Other Programs

1 year or less. Traditionally, this is the definition of employee that agencies have always applied to the termination of a probationary employee. Thus, the agency would apply adverse action procedures (proposal, reply period, and decision) and full Merit Systems Protection Board (MSPB) appeal rights only to those individuals whose current appointment did not require that they serve a probationary period and who had completed at least 1 year of current continuous service in a non-temporary position. If the employee's current type of appointment required the agency to place the employee on a new probationary period, it didn't matter if the employee had completed 1 year of current continuous service prior to the current appointment. Traditionally, applying 5 CFR 752.401, such an employee would not be entitled to adverse action procedures (proposal, reply period, and decision) or full MSPB appeal rights.

However, in an October 4, 2002, Federal Circuit Court decision, the U. S. Court of Appeals rendered a decision in *Ann M. McCormick vs. the Department of the Air Force*, stating that the language contained in Title 5, **United States Code** (USC), Section 7511, should be used to determine if an individual meets the definition of an employee for adverse action procedures. Title 5, USC, Section 7511(a)(1), defines an employee as an individual in the competitive service (i) who is not serving a probationary or trial period under an initial appointment **or** (ii) who has completed 1 year current continuous service under other than a temporary appointment limited to 1 year or less.

In the *McCormick* case, the Federal Circuit Court interpretation of Title 5, USC, Section 7511, means that any individual appointed to ,a career conditional or career appointment from an OPM or delegated examining certificate who completed at least1 year of non-temporary service immediately prior to the appointment is an employee covered by adverse action procedures (proposal, reply period, and decision) and can fully appeal the action to the MSPB without having to demonstrate the action was because of political affiliation or marital status, which is usually the only way a probationary employee can establish jurisdiction with MSPB.

This significantly changes the way we think about terminating an employee during the probationary period. You can no longer review the appointment Notification of Personnel Action Form (SF-50) and assume the employee is not entitled to adverse action procedures (proposal, reply period, and decision) or does not have full MSPB appeal rights. If you follow the *McCormick* decision, you must afford full adverse action procedures and appeal rights to any probationary employee who has completed 1 year of current continuous service under other than a temporary appointment limited to 1 year or less immediately prior to the current appointment.

To make things a little more interesting, in a subsequent case, *James Ramos vs. the Department of Justice*, the MSPB held that it did not have jurisdiction over an appeal regarding the termination of this career conditional employee serving a probationary period even though he had prior non-temporary service of at least 1 year immediately prior to the appointment from which he was terminated. The MSPB decided it lacked jurisdiction over the appeal because the appellant had signed a Probationary Period Agreement acknowledging that he would be required to begin a new probationary period and that his rights and entitlements regarding adverse and disciplinary actions would be processed in accordance with Title 5, CFR, Part 315 (not Part 752).

The MSPB stated that, notwithstanding the potential impact of the *McCormick* decision, it lacked jurisdiction in this case because the appellant voluntarily signed a Probationary Period Agreement. It stated that just as the court has held that employees may waive their statutory right to appeal action in a last-chance settlement agreement, likewise, individuals in the appellant's circumstances may waive full appeal rights when they accept a position subject to a new probationary period. MSPB held that the appellant was bound by the terms of the employment contract he signed, which was the basis for his appointment to the new position.

Patsy Gallagher of the St. Louis Team, Field Services Branch (FSB), has developed a Probationary Period Agreement (attached), similar to the one used in the *Ramos* case; St. Louis recently has begun using it. In light of the Federal Circuit Court decision in *McCormick*, we recommend that, when appointing certain individuals, you have them sign this agreement during their in-processing/orientation. We recommend using it for employees who have already met the service criteria outlined in McCormick, but who otherwise would meet the definition of a probationary employee. We do not believe it is needed for newly appointed employees without this prior service, since there is no question as to their rights as probationary employees.

You do not need to have employees sign this agreement who are already appointed and working. However, <u>if an employee had 1 year of current continuous service under other than a temporary appointment limited to 1 year or less prior to the current appointment service and you decide to terminate him/her during the probationary period, you must provide that individual with appropriate adverse action procedures (proposal, reply period, and decision), and that employee will have full appeal rights to MSPB.</u> As always, FSB will assist you in dealing with such situations.

The *Ramos* case cited above is currently on appeal to the Federal Circuit Court of Appeals. If the agency in the *Ramos* case is upheld, these agreements will allow you to terminate this type of probationary employee without having to use adverse actions procedures. However, if the Federal Circuit overturns the *Ramos* termination, these Probationary Period Agreements will be of little use. We will have to revisit this issue at that time and determine if there is even any point in citing on the SF-50 that these types of employees are required to serve a probationary period.

We will keep you updated on any new developments in the *Ramos* case. If you have any questions, please contact Scarlett Smith or Linda Kilgore of FSB's State Team. Scarlett can be reached at (314) 335-8550 or Linda at (314) 335-8540.

(Signed by William J. Fleming)

WILLIAM J. FLEMING
Assistant Administrator
for Human Resources

Attachment

PROBATIONARY PERIOD AGREEMENT

I understand that I have been selected from a U.S. Office of Personnel Management (or delegated examining) certificate and I am required to serve a new 1year probationary period in accordance with Title 5 of the U.S. Code of Federal Regulations (CFR), Part 315, Sections 315.801 and 315.802. I understand that the 1year probationary period starts on the effective date of my current position and any non-pay status while on the rolls (other than for compensable injury or military duty) exceeding 22 workdays extends this probationary period by an equal amount.

I understand that the agency will fully utilize the probationary period to determine my fitness and overall qualifications for continued employment. By my acceptance of this position, I acknowledge that my rights and entitlements for adverse and disciplinary actions will be processed in accordance with the provisions of Title 5, CFR, Part 315, which permits the agency to terminate my employment at any time during the probationary period. I acknowledge that I can only appeal such a termination to the Merit Systems Protection Board on the basis of discrimination because of political reasons or marital status.

I voluntarily accept the conditions of this employment as noted by my signature below.

__________________________________ _____________________

Employee Signature Date

February 14, 2005

SUBJECT: Interest Rate Changes for Housing Programs and Credit Sales (Nonprogram)

TO: Rural Development State Directors, Rural Development Managers, and Area Directors

ATTN: Rural Housing Program Director

The following interest rates, effective March 1, 2005, are changed as follows:

Loan Type	**Existing Rate**	**New Rate**
ALL LOAN TYPES		
Treasury Judgement Rate	2.770%	2.890%

The current rate shown above is as of the week ending January 28, 2005. The actual judgement rate that will be used will be the rate for the calendar week preceding the date the defendant becomes liable for interest. This rate may be found by going to the Federal Reserve web site for the weekly average 1-year Constant Maturity Treasury yield (www.federalreserve.gov/releases/h15/data/wf/tcm1y.txt).

RURAL HOUSING LOANS		
Rural Housing (RH) 502 Low or Moderate	6.000	6.000

EXPIRATION DATE:
March 31, 2005

FILING INSTRUCTIONS:
Administrative/Other Programs

Single Family Housing (SFH) Nonprogram	6.500	6.500
Rural Housing Site (RH-524), Non-Self-Help	6.000	6.000
Rural Rental Housing and Rural Cooperative Housing	6.000	6.000

Please notify appropriate personnel of these rates.

(Signed by Russell T. Davis)

RUSSELL T. DAVIS
Administrator
Rural Housing Service

Sent by Electronic Mail on _2/14/05_ at _8:00am_ by PAD.

February 14, 2005

TO: State Directors
Rural Development

ATTN: Community Programs Directors

FROM: Russell T. Davis
Administrator
Rural Housing Service

SUBJECT: Critical Access Hospitals

The purpose of this unnumbered letter is to provide information about Critical Access Hospitals (CAHs) and to describe Rural Development's plans for gathering current information about the readiness of CAHs to proceed with their capital projects. This information would then enable RD to develop plans for assisting CAHs with their financing needs. We expect that CAHs will become an important and growing priority for Rural Development. Please engage personally in this effort.

Historically, Rural Development has given high priority to the financing of health-care type facilities. Over the years, loans to hospitals have made up a major part of our portfolio. Currently, we have 287 hospital loans and grants in our portfolio. In FY 2004, the Community Facilities (CF) programs provided 39 loans and grants to finance 28 hospitals (20 direct loans; 16 guaranteed loans and 3 grants) totaling $147,012,570. Most recently, rural hospitals are receiving designations from State Departments of Health as CAHs, which is having a significant impact on rural health care delivery.

A CAH is a hospital that is certified to receive cost-based reimbursement from Medicare. The program was created by Congress in the Balanced Budget Act of 1997 and is designed to support limited-service hospitals located in rural areas. The reimbursements that CAHs receive are intended to improve their financial performance and, thereby, reduce hospital closures. The designation does not carry any capital improvement funds with it. Attachment 1 to this letter contains a brief overview of the CAH program.

EXPIRATION DATE:
February 28, 2006

FILING INSTRUCTIONS:
Community/Business Programs

The main benefit of converting to a CAH is the opportunity for higher Medicare reimbursement. Currently, hospitals receive inpatient reimbursement based on Diagnostic Related Groups. CAHs will receive Medicare reimbursement for inpatient and outpatient hospital expenses on a cost basis which for most small, rural hospitals should be significantly higher. The CAH designation only affects Medicare reimbursement. It does not affect other government or private reimbursement. Other benefits of converting to CAH status is that capital improvement costs are included in allowable costs for determining Medicare reimbursement and in some states, CAH status allows more flexible staffing and services.

As of November 2004, there were 1,035 certified CAHs located throughout the United States. A list of CAHs, which includes the hospital name, city, state, zip code and effective date of CAH status can be found at www.flexmonitoring.org/cahlist.

CAHs now represent more than 40 percent of all rural hospitals operating in the United States. The majority of these CAHs will need to make major renovations or replace their facilities. Rough estimates are that it will typically cost $7 - $15 million per hospital for major renovations or to replace a facility. Rural Development is seeing an increased interest in providing financial assistance to these hospitals. The significant capital costs to replace facilities or to make major renovations coupled with the fact that most of the CAHs are located in eligible rural areas, provides an excellent opportunity for Rural Development to be involved in assisting these organizations through the CF programs in obtaining sufficient capital to meet the requirements for their CAH designation.

In addition to the CF programs, there are other USDA and Federal programs that may be utilized by CAHs. The section 242 Insured Loan Program administered by the U.S. Department of Housing and Urban Development can be a significant source of funding in addition to USDA in assisting us in our goal of providing financing to as many of the 1,035 designated CAHs as determined to be eligible. As part of these efforts, related issues such as financing of predevelopment costs, construction financing and sound operation and management capabilities will need to be addressed. Our goal is to provide a strong and broad array of health care financing for rural communities.

State Directors are strongly encouraged to contact the CAHs in their state(s) as shown in the above website to facilitate marketing/outreach efforts. These efforts should be coordinated with the State Rural Health Offices within the State Departments of Health in your particular state, who are responsible for the designation of CAHs. Additionally, State Directors should contact the Regional Offices of the U.S. Department of Health and Human Services, Health Resources and Services Administration regarding these activities. These efforts should focus on the potential for Rural Development financing through the CF program.

As part of your outreach effort, it will be very important to obtain information and to assess a CAH's readiness to proceed with the development of a facility and its financing. The following are a series of questions that we think would be appropriate in assisting you in assessing a CAH's readiness to proceed. Please provide the responses to these questions for each of the CAHs in your state(s) to the National Office within 30 days from the date of this letter.

1. Name and location of facility.
2. What type of project is being proposed, i.e. replacement, renovations, major equipment needs? If replacement is involved, do you own or have you made arrangements for the site?
3. Have you had an estimate of costs made?
4. Have you developed any plans for financing the project?
5. Have any deadlines been established by the state agency that issued the CAH designation?
6. Have any architectural or financial feasibility studies been completed?
7. Do you have any outstanding debt?
8. What were your annual revenues, operating expenses, and cash available for debt service for the past five years?
9. How is your hospital currently being managed, i.e. in-house staff or management company?
10. What indications are there that your proposed project has tangible community support, i.e. fundraising, grant funding, local revenues, etc.?

This information should be faxed to (202) 690-0471 or emailed to ShirleyJ.Stevenson@USDA.GOV.

If you have any questions, please contact Shirley J. Stevenson, Loan Specialist at (202) 205-9685.

Attachment

Attachment 1

Critical Access Hospitals (CAHs)

A Critical Access Hospital (CAH) is a hospital that is certified to receive cost-based reimbursement from Medicare. The program was created by Congress in the Balanced Budget Act of 1997 and is designed to support limited-service hospitals located in rural areas. The reimbursement that CAHs receive is intended to improve their financial performance and thereby reduce hospital closures. In order to qualify for CAH status, a hospital must meet the following criteria:

- Be located in a rural area.
- Provide 24-hour emergency care services.
- The average length of stay is 96 hours or less.
- Be more than 35 miles from a hospital or another CAH or more than 15 miles in areas with mountainous terrain or only secondary roads <u>or</u> certified by the State as being a "necessary provider" of healthcare services to residents in the area.
- Beginning on January 1, 2004, CAHs may operate up to 25 beds for acute (hospital-level) inpatient care, subject to the 96-hour average length of stay for acute care patients.

As of November 2004, there were 1,035 certified CAHs located throughout the United States.

Policymakers are concerned about the ability of rural hospitals to obtain the capital they need to remain a viable and important source of care for rural America. Those hospitals failing to invest sufficient capital to keep pace with depreciation, advances in medical technology, and changing population needs are at significant operational and financial risk. More importantly, they jeopardize the availability of needed services for rural populations.

A recent assessment investigated the capital-related experiences of CAHs between 2001 and 2004. It assessed their capital requirements for addressing fire and life/safety as well as other important operational needs along with their strategies for addressing those major needs. It also addressed their experiences in accessing federal, state and private sector capital markets; the role of non-loan capital in meeting their important needs; and, their investment strategies as capital becomes available.

Assessment findings indicate that CAHs have significant capital needs in terms of fire and life/safety issues ($180 million) and projects important for safe and effective operation ($642 million). The assessment findings indicate that the estimated total capital needs for all operating CAHs exceeds $1.6 billion. Many of the CAHs reporting important fire and life/safety needs such as suppression systems were unable to secure capital over the two years preceding the survey on which the assessment is based. A majority of CAHs have also been unable to obtain capital to address growing demands for health information technology (HIT) capacity. HIT projects, while critical for meeting emerging policy and regulatory requirements, do not generate the additional operating revenue needed to secure a loan and therefore are a poor capital loan risk for hospitals with limited financial reserves.

Approximately 42 percent of all CAHs pursued a capital loan during the period covered by the assessment. Nearly all applicants (96%) were successful, resulting in $418 million in available capital. This suggests that CAH administrators are well aware of loan market criteria and have been able to take advantage of technical assistance when needed. It also suggests that lenders are becoming more confident about their cost-based reimbursement, and their likelihood of continued financial improvement over the period of a loan contract. The findings suggest that this is more the case for local lenders than private market lenders. Although the proportion of capital projects supported by either lender group has remained comparable since 2001, the total amount of local lender dollars has doubled while private market lender funding has been cut in half. Comparisons of available capital sources based on program tenure suggests that earlier CAH converters are more dependent upon public sources of capital and half as likely to acquire private market capital as later converters.

On average, later converters are in better financial shape and more able to obtain the capital they need from loan markets than early converters. At least a third of all CAHs are using leasing arrangements to expand their capacity to meet local needs. Virtually all of the equipment leasing arrangements involve advanced clinical technologies such as digital x-ray, CT scan, and MRI equipment. Grants and contributions continue to represent significant sources of capital and are frequently bundled with capital loan funds to underwrite major projects.

CAHs now represent more than 40 percent of all rural hospitals operating in the United States. Many of these hospitals are coming to Rural Development for financing. In Fiscal Year 2004, the Community Facilities program provided 39 loans and grants to finance 28 hospitals (20 direct loans; 16 guaranteed loans and 3 grants) totaling $147,012,570. A major portion of these were CAHs. Rural Development is seeing an increased interest in funding for CAHs. Because of the significant capital costs coupled with the fact that most of the hospitals are located in eligible rural areas, Rural Development expects an increased demand for funding under the Community Facilities programs to help the hospitals meet the requirement for their CAH designation.

February 16, 2005

SUBJECT: Personal Property Furnished to Non-Federal Recipients

TO: All Rural Development State Directors

ATTN: Administrative Programs Directors

This is a reminder that Executive Order (EO) 12999, “Educational Technology: Ensuring Opportunity for All Children in the Next Century,” and/or Public Law (PL) 102-245, “Stevenson-Wydler Act,” set criteria for schools and educational nonprofit organizations to be eligible to receive educationally useful Federal equipment.

After reviewing the reports submitted to the Property, Procurement and Mail Management Branch, it is apparent that there may be some confusion as to which organizations qualify to receive Federal computer equipment in accordance with EO 12999 and PL 102-245.

A school is eligible to receive Federal computer equipment if it is a public, private, parochial or a home school serving pre-kindergarten through grade 12 students. Daycare centers must provide a state-approved preschool curriculum in order to participate.

An educational nonprofit organization must meet three criteria in order to participate. First, it must serve pre-kindergarten through grade 12 students. Second, it must be tax-exempt under section 501(c), “Exemption From Tax on Corporations, Certain Trusts, Etc.,” of the U.S. tax code. Third, it must operate **exclusively** for the purpose of education. All three criteria must be met. For example, a local church is ineligible unless it operates a parochial school. A Sunday school class does not constitute meeting the eligibility criteria. There were instances where property was transferred to community centers, volunteer fire departments, nursing homes, etc. These types of organizations do not qualify as their sole purpose is not education.

EXPIRATION DATE:
February 28, 2006

FILING INSTRUCTIONS:
Administrative/Other Programs

February 16, 2005

SUBJECT: Capturing Information Technology Service Costs

TO: Rural Development State Directors

ATTN: Administrative Program Directors

As you know, on November 28, 2004, the Information Technology Services (ITS) was established to centralize and handle the daily services and support of the IT infrastructure functions for the Service Center Agencies (SCA). The ITS reorganization transferred a significant portion of the IT Staff, authorities, responsibilities, resources, and functions to the Office of the Chief Information Officer (OCIO). The ITS will be funded by the SCA's through a reimbursable agreement with ITS/OCIO at the headquarters level.

Since this transfer occurred, we recognize that the SCA's are incurring some costs on behalf of ITS in various cost categories. These categories consist of: leased motor-pool vehicles, procurement of new office furniture and non-IT office equipment, office renovation and office relocation costs, costs to transport IT equipment to and from warehouses, third-party health services, mobile telecommunications equipment and services for both ITS and SCA employees (cell phones, pagers, blackberry), land lines (voice and data) for ITS and SCA, procurement and maintenance of miscellaneous IT equipment, postage and shipping for ITS, and space for ITS employees.

OCIO and the SCA's have developed templates for reporting and capturing these cost categories. The SCA's will use these templates to report those costs to OCIO which will allow ITS/OCIO to capture and properly assess cost and to prepare a workable budget request for future years. The attached templates need to be updated on a quarterly basis and an example is shown at the bottom of each template. The templates for the first reporting period will be from November 28, 2004, through March 31, 2005. The second reporting period will be from April 1, 2005, through June 30, 2005. The third reporting period will be from July 1, 2005, through September 30, 2005.

Please complete the attached templates for the first reporting period by April 29, 2005, and email them to Shermaine.Anderson@usda.gov or fax them to 202-692-0126 by April 29, 2005.

EXPIRATION DATE:
September 30, 2005

FILING INSTRUCTIONS:
Administrative/Other Programs

The attached FSA 875 form needs to be completed to determine how much space ITS employees (formerly Rural Development's employees) currently occupy within Rural Development's space. The inventory of space is due back by February 28, 2005. This form is required annually, not quarterly. Please return the completed form to Shermaine Anderson. If you have questions, please call Ms. Anderson on 202-692-0014.

(Signed by Sherie Hinton Henry)

SHERIE HINTON HENRY
Deputy Administrator
  for Operations and Management

Attachments

Sent by Electronic Mail on 2-17-05 at 2:05 p.m. by BD.

ATTACHMENT A - Explanation of template

Vehicles paid for by SCA for ITS Employees – If the State/Field Office has leased motor pool vehicles that were used by ITS employees to conduct IT business, identify the type of lease, how many miles were driven, and ITS's share cost of the leased vehicle. Cost can be done on a pro rata share. If an ITS employee did not use any of the leased vehicles during the reporting period, State/Field Office should then reflect $0 or N/A on the template.

Procurement of New Office Furniture and non-IT Office Equipment Paid for by SCA for ITS Employees – If the State/Field Office procured new furniture or non-IT office equipment for ITS employees during the reporting period, report how many ITS employees received the new furniture/equipment, cost of the furniture/equipment, and description of the furniture/equipment procured. If there weren't any items procured during the reporting period, State/Field Office should then reflect $0 or N/A on the template

Office Renovation and Office Relocation Costs for ITS Employees paid by SCA - If the State/Field Office was renovated or relocated/moved to another office location, identify how much was ITS's share, number of ITS's employees, and description of the cost. Cost can be done on a pro rata share. If there weren't any renovation or relocation/move costs during the reporting period, State/Field Office should then reflect $0 or N/A on the template.

Cost to Transport IT Equipment to/from Warehouse Paid for by SCA – If the State/Field Office had to pay for movers and/or truck rental to transport IT equipment from a warehouse facility to a State/Field Office, provide the cost for the movers and/or truck rental, description of service, and what was moved. If there weren't any costs during the reporting period, State/Field Office should then reflect $0 or N/A on the template.

Third Party Health Services (not Employee Assistance Program (EAP)) – If the State/Field Office has a contract with a health service facility provide ITS's share of the cost, number of ITS employees and description. Cost can be done on a pro rata share. If there aren't any costs during the reporting period, State/Field Office should then reflect $0 or N/A on the template.

Mobile Telecommunications Equipment and Services for both ITS and SCA Employees paid by SCA (e.g. Cellular Phones, Pagers, Blackberry) – If the State/Field Office is paying for any mobile telecommunications equipment and service such as cellular phones, pagers, and blackberries for ITS and SCA employees, identify the vendor(s), actual cost of contracts including associated fees, and number of cellular phones, pagers, blackberries covered. If there aren't any cost for mobile telecommunication equipment, State/Field Office should then reflect $0 or N/A on the template.

Land Lines (Voice and Data) for ITS and SCA employees Paid for by SCA – The State/Field Office needs to report all land lines (voice and data) for ITS and SCA employees that are paid by the State/Field, Service Centers, and County offices, this includes the Federal Telephone (FTSP) lines. In cases where RD is the lead agency on reimbursable agreements, only report the number of lines and costs that are associated with RD. The remaining land lines and cost on the reimbursable agreement are to be reported by the other SCA's. To determine the land line cost between ITS and RD a pro rata share based on the number of ITS and RD employees can be done.

Procurement and Maintenance of Miscellaneous IT Equipment Paid by SCA for both SCA and ITS Employees – State/Field Office needs to identify and report all procurement and maintenance contracts of miscellaneous IT equipment that is network connected which are located in the State/Field, Service Centers, and County Offices.

Postage and Shipping for ITS Paid for by SCA – Report ITS postage and/or shipping cost paid by State/Field Office. If there aren't any costs for postage and shipping, State/Field Office should then reflect $0 or N/A on the template.

Your Agency Name Here

OCIO/Information Technology Services

Template to Capture Costs
State Reporting:
First Reporting Period: 11/28/04-03/31/05
Second Reporting Period: 04/01/05 - 06/30/05
Third Reporting Period: 07/01/05 - 09/30/05

Type of Expense: Vehicles Paid for by SCA for ITS Employees

Type of Lease	**Miles Driven**	**ITS Share of Cost ($)**	*For Planning Purposes Only* **Estimated Overhead** (if applicable/explain calculation) (Provide formula used to calcuate dollar amount if applicable)
GSA	*400*	*$104*	*SCA Staff Time to Manage Fleet Vehicles*

Your Agency Name Here

OCIO/Information Technology Services

Template to Capture Costs
State Reporting:
First Reporting Period: 11/28/04-03/31/05
Second Reporting Period: 04/01/05 - 06/30/05
Third Reporting Period: 07/01/05 - 09/30/05

Type of Expense: Procurement of New Office Furniture and non-IT Office Equipment Paid for by SCA for ITS Employees

ITS Share of Cost ($)	**Number of ITS Employees Affected**	**Description of Goods/Services**	*For Planning Purposes Only* **Estimated Overhead** (if applicable/explain calculation) (Provide formula used to calcuate dollar amount if applicable)
$450	*2*	*Office Chairs/Cabinets*	*SCA Staff Time to Purchase*

Your Agency Name Here

OCIO/Information Technology Services

Template to Capture Costs
State Reporting:
First Reporting Period: 11/28/04-03/31/05
Second Reporting Period: 04/01/05 - 06/30/05
Third Reporting Period: 07/01/05 - 09/30/05

Type of Expense: Office Renovation and Office Relocation Costs for ITS Employees Paid by SCA

ITS Share	**Number of ITS Employees**	**Description of Services**	*For Planning Purposes Only* **Estimated Overhead** (if applicable/explain calculation) (Provide formula used to calcuate dollar amount if applicable)
$800	*3*	*Relocate/Reconfigure Furniture*	*SCA Staff Time to Manage*

Your Agency Name Here

OCIO/Information Technology Services

Template to Capture Costs
State Reporting:
First Reporting Period: 11/28/04-03/31/05
Second Reporting Period: 04/01/05 - 06/30/05
Third Reporting Period: 07/01/05 - 09/30/05

Type of Expense: Cost to Transport IT Equipment to/from Warehouse Paid for by SCA

Cost $	**Description of Services**	*For Planning Purposes Only* **Estimated Overhead** (if applicable/explain calculation) (Provide formula used to calcuate dollar amount if applicable)
$1,000	*Transport 50 Computers*	*SCA Staff Time to Manage*

Your Agency Name Here

OCIO/Information Technology Services

Template to Capture Costs
State Reporting:
First Reporting Period: 11/28/04-03/31/05
Second Reporting Period: 04/01/05 - 06/30/05
Third Reporting Period: 07/01/05 - 09/30/05

Type of Expense: Third Party Health Services (not EAP)

ITS Share of Cost ($)	**Number of ITS Employees Affected**	**Description**	*For Planning Purposes Only* **Estimated Overhead** (if applicable/explain calculation) (Provide formula used to calcuate dollar amount if applicable)
$450	*10*	*Health Services*	*SCA Staff Time to Manage*

Your Agency Name Here

OCIO/Information Technology Services

Template to Capture Costs
State Reporting:
First Reporting Period: 11/28/04-03/31/05
Second Reporting Period: 04/01/05 - 06/30/05
Third Reporting Period: 07/01/05 - 09/30/05

Type of Expense: Mobile Telecommunications Equipment and Services for both ITS and SCA Employees Paid by SCA (e.g. Cellular Phones, Pagers, Blackberry)

Vendor	**Actual Cost of Contracts Including Assocated Fees**	**Number of Cellular Phones and Pagers Covered**	*For Planning Purposes Only* **Estimated Overhead** (if applicable/explain calculation) (Provide formula used to calcuate dollar amount if applicable)
Sprint	*$1,200*	*2*	*SCA Staff Time to Administer*

Your Agency Name Here

OCIO/Information Technology Services

Template to Capture Costs
State Reporting:
First Reporting Period: 11/28/04-03/31/05
Second Reporting Period: 04/01/05 - 06/30/05
Third Reporting Period: 07/01/05 - 09/30/05

Type of Expense: Land Lines (Voice and Data) for ITS and SCA Staff Paid for by SCA

ITS		SCA			*For Planning Purposes Only* **Estimated Overhead** (if applicable/explain calculation)
Number of Employees	**Cost**	**Number of Employees**	**Cost**	**Description (include # of lines)**	(Provide formula used to calcuate dollar amount if applicable)
15	*$15,000*			*18 Voice 3 Fax*	*SCA Staff to Manage Land Lines*

Your Agency Name Here

OCIO/Information Technology Services

Template to Capture Costs
State Reporting:
First Reporting Period: 11/28/04-03/31/05
Second Reporting Period: 04/01/05 - 06/30/05
Third Reporting Period: 07/01/05 - 09/30/05

Type of Expense: Procurement and Maintenance of Miscellaneous IT Equipment
Paid by SCA for both SCA and ITS Employees
(include contracts and individually paid service calls)

Vendor/Contractor	**Contractual Period of Performance (if applicable)**	**Description - Scope of Work (Equip Covered)**	**Cost**	*For Planning Purposes Only* **Estimated Overhead** (if applicable/explain calculation) (Provide formula used to calcuate dollar amount if applicable)
Hewlett Packard		*One Time Service Call (printer in office #..)*	*$75*	*SCA Staff Time*

Your Agency Name Here

OCIO/Information Technology Services

Template to Capture Costs
State Reporting:
First Reporting Period: 11/28/04-03/31/05
Second Reporting Period: 04/01/05 - 06/30/05
Third Reporting Period: 07/01/05 - 09/30/05

Type of Expense: Postage and Shipping for ITS Paid for by SCA

ITS Share of Cost ($)	**Description**	*For Planning Purposes Only* **Estimated Overhead** (if applicable/explain calculation) (Provide formula used to calcuate dollar amount if applicable)
$300	*FedEx*	*SCA Staff Time to Pay Invoices*

REPRODUCE LOCALLY. Include form number and date on reproductions.

FSA-875 (06-30-97)

U.S. DEPARTMENT OF AGRICULTURE
Farm Service Agency

REIMBURSABLE AGREEMENT

1. COUNTY	2. BUILDING NAME
3. STREET ADDRESS	
4. CITY	5. STATE

6. TERM OF REIMBURSABLE AGREEMENT

a. FROM:	b. TO:
10/01/04	09/30/05

7. LEASE INFORMATION

a. ANNUAL RENT	b. SQUARE FEET OF SPACE	c. RENTAL RATE
$		$ /square foot

8. SPACE ASSIGNMENTS *(Use worksheet on reverse side for calculations.)*

	FSA	RD	NRCS	ITS		GRAND TOTAL
a. INDIVIDUAL SPACE						
b. SHARED SPACE						
c. TOTAL SPACE (Sum items 8a and 8b)						
d. RENT FOR SPACE (Multiply items 7c x 8c)	$	$	$	$	$	$

9. EXPENSES (*Costs charged to each agency for items NOT included in rent.)*

	FSA	RD	NRCS	ITS		GRAND TOTAL
a. ELECTRICITY	$	$	$	$	$	$
b. HEAT	$	$	$	$	$	$
c. WATER	$	$	$	$	$	$
d. JANITORIAL	$	$	$	$	$	$
e. OTHER	$	$	$	$	$	$
f. OTHER	$	$	$	$	$	$
g. TOTAL EXPENSES (Sum items 9a through 9f)	$	$	$	$	$	$

10. TOTAL RENT AND EXPENSES CHARGED TO EACH AGENCY

	FSA	RD	NRCS	ITS		GRAND TOTAL
a. ANNUALLY (Sum items 9a through 9g)	$	$	$	$	$	$
b. QUARTERLY	$	$	$	$	$	$

11. PREPARER: **Telephone Number:**

This program or activity will be conducted on a nondiscriminatory basis without regard to race, color, religion, nation origin, age, sex, marital status, or disability.

FSA-875 (Reverse)(06-30-97)

REIMBURSABLE AGREEMENT WORKSHEET

12. INDIVIDUAL SPACE (Enter square feet of ***exclusive*** space charged to each agency.)

	FSA	RD	NRCS	ITS		GRAND TOTAL
a. COUNTER AREA/ RECEPTION SPACE						
b. OFFICE SPACE						
c. CONFERENCE/TRAINING SPACE						
d. AUTOMATED DATA PROCESSING SPACE						
e. STORAGE/MAILROOM SPACE						
f. OTHER						
g. OTHER						
h. OTHER						
I. TOTAL *(item 8a on front)*						
j. PERCENT OF INDIVIDUAL SPACE	%	%	%	%	%	100 %

13. SHARED SPACE (Enter square feet of ***common use*** space charged to each agency.)

	FSA	RD	NRCS	ITS	GRAND TOTAL
a. COUNTER AREA/ RECEPTION SPACE					
b. CONFERENCE/TRAINING SPACE					
c. STORAGE/MAILROOM SPACE					
d. Rental Postage Meters					
e. OTHER EXPENSES *(telecommunications, equipment, supples etc.)*					
f. TOTAL *(item 8b on front)*					

14. REMARKS

Comment: This is the last fillable cell. DO NOT "TAB" after completing this cell because it will cause an extra row to appear that has to be deleted.

February 17, 2005

TO: State Directors
Rural Development

ATTN: Program Managers and Field Staff Administering
Community Facilities Loans

FROM: Russell T. Davis **(*Signed by Russell T. Davis*)**
Administrator
Rural Housing Service

SUBJECT: Best Practices for Community Facilities Loans
For Childcare Projects

This unnumbered letter is being issued to provide guidance on best practices for making Community Facilities (CF) loans to childcare projects. We have compiled information from several states regarding their best practices in making successful loans for childcare. We are providing this guidance to assist in the development of viable loans. We recommend utilizing any and all of the following practices when making loans for childcare facilities.

- Develop a statewide task force consisting of appropriate State and Federal agencies and Cooperative Extension Service. State agencies would include those responsible for licensing requirements and possible funding sources, i.e., the agency responsible for administering Community Development Block Grants in your State. Find out if your State has any monies specifically earmarked for childcare.

- Assist your applicant by developing a manual or brochure to help them contact the right people and agencies.

- Encourage nonprofit organizations to partner with public body entities such as a school district, city, county, or hospital. In these cases, the public body is the borrower, and the nonprofit is the operator through a management agreement. Long-term financial viability is enhanced when a public body is the borrower.

EXPIRATION DATE:
February 28, 2006

FILING INSTRUCTIONS:
Community/Business Programs

- Know your market. In some cases, enrollment is not the issue. Instead, the issue is the ability to pay and have the facility cash flow. There are many programs that provide assistance to families to help pay childcare costs. Often the operators are not aware of these programs. The Department of Health and Human Services offers assistance to individuals in Welfare to Work and back-to-school programs. The Food and Nutrition Service offers a program similar to the school lunch program. Be prepared to provide this information to your applicants and borrowers.

- Organize a community meeting. The participants should include members of: the school system, business, government, health care, organizations and individuals currently providing childcare services, and individual citizens. A facilitator from outside the community or a staff person from Rural Development can lead the discussion on early childhood needs and facility development. This setting ensures that all participants are heard, and a consensus is reached. Community support and participation is imperative for a successful project.

- Solicit commitments from community organizations and businesses, prior to loan approval, to provide financial support if there are shortfalls in revenue. If there is strong community support and commitment from the beginning, there will be resources if the project needs assistance.

- Provide community support through in-kind services that would result in cost savings to the facility. These services could include janitorial assistance, lawn mowing, snow removal, and administrative/bookkeeping services.

- Market projects differently to different entities to enlist their support. The availability of quality childcare can benefit the city by attracting and retaining young families and the ripple effect that will have on the community's economy. Schools will benefit because their reimbursements are based on enrollment. Hospitals and local industry will benefit because their employees will have a childcare resource.

- Require a borrower contribution to reduce overall debt service. This can be accomplished through community fundraising activities.

- Leverage debt by identifying other funding sources. In addition to Federal and State agencies, consider foundations and large, local businesses that may benefit from the availability of childcare.

- Retain quality staff. This is dependent on hours, benefits, and salary. An advantage to a public body owner/operator is that they are typically able to provide employment benefits including health insurance and retirement programs.

- Correlate the level of financial feasibility report required to the dollar amount, enrollment size, and complexity of the project.

- Structure the nonprofit's board with a majority of representation from public body groups including schools, city/county government, hospital, and economic development organizations, if the entity is a nonprofit childcare organization. This should be required in the Letter of Conditions. The board should also include representation from parents, the operating organization, and interested individuals from the community.

- Make location a top priority. This is a key factor. Is the facility convenient and accessible? Is it enroute to major employers? Childcare facilities tend to be more successful if they are located closer to higher population areas, i.e., 18,000 vs.1,800.

- Require experienced staff. In addition to program operations, there needs to be a staff person with a financial background to monitor cash flow and budgeting.

- Utilize written agreements between parents and facility prior to starting construction. This should be in your Letter of Conditions.

- Consider that State licensing and staffing requirements affect the design of the facility and actual square footage. Staffing and space requirements vary depending on the age of the children and are an important consideration in making the project cash flow.

Please contact Beth Jones, Community Programs, (202) 720-1498, if you have any questions.

February 18, 2005

TO: All State Directors
Rural Development

ATTENTION: Rural Housing Program Directors

FROM: David J. Villano ***(Signed by Roger Glendenning) for***
Deputy Administrator
Single Family Housing

SUBJECT: Award of Homeownership Partnership Funds for Fiscal Year 2005

We are pleased to announce the Fiscal Year (FY) 2005 funding awards for the Homeownership Partnerships, which consists of Rural Home Loan Partnerships (RHLP) and Community Development Financial Institutions (CDFI).

HOMEOWNERSHIP PARTNERSHIP

As in previous years, the National Office will fund RHLP and CDFI loans on a 75/25 share. In FY 2005, $110 million of the Administrator's reserve is set aside for Homeownership Partnership funding.

Funding

Based on the responses to the RHLP CDFI Needs Survey, we will be able to fund all requests (see Attachment A). Your State will receive the funding from the National Office reserve. This spreadsheet represents the total National Office portion funded by Single Family Housing Direct (SFHD) and the amount of allocated funds States should set aside. Any additional loans made after the National Office set aside has been exhausted for your State will be funded 100 percent from your State allocation.

EXPIRATION DATE:
September 30, 2005

FILING INSTRUCTIONS:
Housing Programs

Immediate distribution will be made for 50% of your annual requests. These funds will be allocated on a 50 percent very low and low-income split (see attachment B). The remaining 50% of the award will be distributed with the third quarter funding in April.

In the spirit of partnership, we strongly encourage you to fund additional RHLP/CDFI loans from your State allocation. Partnerships should be allocated funding so that it is clear how much each partner has to work with for the fiscal year. States must report allocation by partnerships to Janet Carter at janet.carter@usda.gov within two weeks of the date of this memorandum.

After distribution of awards, a nationwide balance of approximately $2.5 million will remain available from the National Office over the amount awarded in this letter. These funds will be made available to States on a request basis up to $500,000. To access these funds, States must have obligated at least 90 percent of the funds made available for these programs at the time of the request.

Pooling

RHLP and CDFI funds will be pooled on July 15, 2005. Funds will be available at that time on a first-come, first-served basis. Additional information will be made available as pooling approaches.

Reporting Requirements

In previous memorandums, we have emphasized the importance of assuring that the partner's tax ID number is uploaded into the system. This information will enable us to generate reports through the RD Data Warehouse in Brio so that States will not need to manually report RHLP/CDFI activity**.** Please check the Brio report titled, "Leveraged Loans Report" in the "SFH Direct" folder of the Report Catalog window to assure that your activity is reflected. **RHLP/CDFI activity that is <u>not</u> accurate in Brio must be reported on a quarterly basis to the National Office using Attachment C and will be due by the 10th of the first month of each quarter. Negative reports are required.** Each report should include the entire Fiscal Year's partnership activity. <u>Any loan deobligated should be removed immediately from the report.</u> **In situations where you cannot use the program type codes for RHLP or CDFI, please make sure the loan is noted on the report.** All RHLP and CDFI loans should be reported each quarter, whether there is National Office contribution or not.

If you have any questions on RHLP or CDFI, please call Janet Carter at (202) 720-1489 or by email at janet.carter@usda.gov.

Attachments

Attachment A

FY 2005 RHLP CDFI Awards
By State

	STATE			TOTAL NEEDS		NO Total		St Set Aside
AL	ALABAMA	1	$	746,000.00	$	559,500.00	$	186,500.00
AZ	ARIZONA	2	$	-				
AR	ARKANSAS	3	$	2,097,000.00	$	1,572,750.00	$	524,250.00
CA	CALIFORNIA	4	$	-				
CO	COLORADO	5	$	7,285,800.00	$	5,464,350.00	$	1,821,450.00
CT	CONNECTICUT	6	$	360,000.00	$	270,000.00	$	90,000.00
DE	DELAWARE	7	$	2,080,000.00	$	1,560,000.00	$	520,000.00
FL	FLORIDA	9	$	4,651,938.00	$	3,488,953.50	$	1,162,984.50
GA	GEORGIA	10	$	2,401,500.00	$	1,801,125.00	$	600,375.00
ID	IDAHO	12	$	11,304,998.80	$	8,478,749.10	$	2,826,249.70
IL	ILLINOIS	13	$	5,333,313.00	$	3,999,984.75	$	1,333,328.25
IN	INDIANA	15	$	16,221,290.00	$	12,165,967.50	$	4,055,322.50
IA	IOWA	16	$	1,323,000.00	$	992,250.00	$	330,750.00
KS	KANSAS	18	$	2,420,000.00	$	1,815,000.00	$	605,000.00
KY	KENTUCKY	20	$	7,511,204.00	$	5,633,403.00	$	1,877,801.00
LA	LOUISIANA	22	$	3,444,000.00	$	2,583,000.00	$	861,000.00
ME	MAINE	23	$	4,760,500.00	$	3,570,375.00	$	1,190,125.00
MD	MARYLAND	24	$	5,012,000.00	$	3,759,000.00	$	1,253,000.00
MA	MASSACHUSETTS	25	$	2,535,000.00	$	1,901,250.00	$	633,750.00
MI	MICHIGAN	26	$	4,040,000.00	$	3,030,000.00	$	1,010,000.00
MN	MINNESOTA	27	$	1,930,000.00	$	1,447,500.00	$	482,500.00
MS	MISSISSIPPI	28	$	-	$	-	$	-
MO	MISSOURI	29	$	900,000.00	$	675,000.00	$	225,000.00
MT	MONTANA	31	$	2,097,500.00	$	1,573,125.00	$	524,375.00
NE	NEBRASKA	32	$	-	$	-	$	-
NV	NEVADA	33	$	-	$	-	$	-
NH	NEW HAMPSHIRE	34	$	1,660,001.00	$	1,245,000.75	$	415,000.25
NJ	NEW JERSEY	35	$	-	$	-	$	-
NM	NEW MEXICO	36	$	345,000.00	$	258,750.00	$	86,250.00
NY	NEW YORK	37	$	1,080,000.00	$	810,000.00	$	270,000.00
NC	NORTH CAROLINA	38	$	3,288,750.00	$	2,466,562.50	$	822,187.50
ND	NORTH DAKOTA	40	$	624,000.00	$	468,000.00	$	156,000.00
OH	OHIO	41	$	5,964,200.00	$	4,473,150.00	$	1,491,050.00
OK	OKLAHOMA	42	$	-	$	-	$	-
OR	OREGON	43	$	996,240.00	$	747,180.00	$	249,060.00
PA	PENNSYLVANIA	44	$	3,684,000.00	$	2,763,000.00	$	921,000.00
RI	RHODE ISLAND	45		$237,000	$	177,750.00	$	59,250.00
SC	SOUTH CAROLINA	46		$0	$	-	$	-
SD	SOUTH DAKOTA	47	$	4,198,330.00	$	3,148,747.50	$	1,049,582.50
TN	TENNESSEE	48	$	1,385,000.00	$	1,038,750.00	$	346,250.00
TX	TEXAS	49	$	2,074,700.00	$	1,556,025.00	$	518,675.00
UT	UTAH	52	$	2,110,000.00	$	1,582,500.00	$	527,500.00
VT	VERMONT	53	$	1,187,500.00	$	890,625.00	$	296,875.00
VA	VIRGINIA	54	$	3,331,250.00	$	2,498,437.50	$	832,812.50
WA	WASHINGTON	56	$	773,800.00	$	580,350.00	$	193,450.00
WV	WEST VIRGINIA	57	$	1,859,200.00	$	1,394,400.00	$	464,800.00
WI	WISCONSIN	58	$	387,500.00	$	290,625.00	$	96,875.00
WY	WYOMING	59	$	891,408.00	$	668,556.00	$	222,852.00
AK	ALASKA	60	$	-	$	-	$	-
HI	HAWAII	61	$	16,605,400.00	$	12,454,050.00	$	4,151,350.00
WP	W PAC ISLANDS	62	$	2,238,250.00	$	1,678,687.50	$	559,562.50
PR	PUERTO RICO	63	$	-	$	-	$	-
VI	VIRGIN ISLANDS	64	$	-	$	-	$	-
			$	143,376,572.80	$	107,532,429.60	$	35,844,143.20

Attachment B

RHLP CDFI Distribution
(50% of Requested Amount)

	STATE		50% of Requested	NO Total	VL	LOW
AL	ALABAMA	1	$ 373,000.00	$ 279,750.00	$ 139,875.00	$ 139,875.00
AZ	ARIZONA	2	$ -	$ -		
AR	ARKANSAS	3	$ 1,048,500.00	$ 786,375.00	$ 393,187.50	$ 393,187.50
CA	CALIFORNIA	4	$ -	$ -		
CO	COLORADO	5	$ 3,642,900.00	$ 2,732,175.00	$ 1,366,087.50	$ 1,366,087.50
CT	CONNECTICUT	6	$ 180,000.00	$ 135,000.00	$ 67,500.00	$ 67,500.00
DE	DELAWARE	7	$ 1,040,000.00	$ 780,000.00	$ 390,000.00	$ 390,000.00
FL	FLORIDA	9	$ 2,325,969.00	$ 1,744,476.75	$ 872,238.38	$ 872,238.38
GA	GEORGIA	10	$ 1,200,750.00	$ 900,562.50	$ 450,281.25	$ 450,281.25
ID	IDAHO	12	$ 5,652,499.40	$ 4,239,374.55	$ 2,119,687.28	$ 2,119,687.28
IL	ILLINOIS	13	$ 2,666,656.50	$ 1,999,992.38	$ 999,996.19	$ 999,996.19
IN	INDIANA	15	$ 8,110,645.00	$ 6,082,983.75	$ 3,041,491.88	$ 3,041,491.88
IA	IOWA	16	$ 661,500.00	$ 496,125.00	$ 248,062.50	$ 248,062.50
KS	KANSAS	18	$ 1,210,000.00	$ 907,500.00	$ 453,750.00	$ 453,750.00
KY	KENTUCKY	20	$ 3,755,602.00	$ 2,816,701.50	$ 1,408,350.75	$ 1,408,350.75
LA	LOUISIANA	22	$ 1,722,000.00	$ 1,291,500.00	$ 645,750.00	$ 645,750.00
ME	MAINE	23	$ 2,380,250.00	$ 1,785,187.50	$ 892,593.75	$ 892,593.75
MD	MARYLAND	24	$ 2,506,000.00	$ 1,879,500.00	$ 939,750.00	$ 939,750.00
MA	MASSACHUSETTS	25	$ 1,267,500.00	$ 950,625.00	$ 475,312.50	$ 475,312.50
MI	MICHIGAN	26	$ 2,020,000.00	$ 1,515,000.00	$ 757,500.00	$ 757,500.00
MN	MINNESOTA	27	$ 965,000.00	$ 723,750.00	$ 361,875.00	$ 361,875.00
MS	MISSISSIPPI	28	$ -	$ -		
MO	MISSOURI	29	$ 450,000.00	$ 337,500.00	$ 168,750.00	$ 168,750.00
MT	MONTANA	31	$ 1,048,750.00	$ 786,562.50	$ 393,281.25	$ 393,281.25
NE	NEBRASKA	32	$ -	$ -		
NV	NEVADA	33	$ -	$ -		
NH	NEW HAMPSHIRE	34	$ 830,000.50	$ 622,500.38	$ 311,250.19	$ 311,250.19
NJ	NEW JERSEY	35	$ -	$ -		
NM	NEW MEXICO	36	$ 172,500.00	$ 129,375.00	$ 64,687.50	$ 64,687.50
NY	NEW YORK	37	$ 540,000.00	$ 405,000.00	$ 202,500.00	$ 202,500.00
NC	NORTH CAROLINA	38	$ 1,644,375.00	$ 1,233,281.25	$ 616,640.63	$ 616,640.63
ND	NORTH DAKOTA	40	$ 312,000.00	$ 234,000.00	$ 117,000.00	$ 117,000.00
OH	OHIO	41	$ 2,982,100.00	$ 2,236,575.00	$ 1,118,287.50	$ 1,118,287.50
OK	OKLAHOMA	42	$ -	$ -		
OR	OREGON	43	$ 498,120.00	$ 373,590.00	$ 186,795.00	$ 186,795.00
PA	PENNSYLVANIA	44	$ 1,842,000.00	$ 1,381,500.00	$ 690,750.00	$ 690,750.00
RI	RHODE ISLAND	45	$ 118,500.00	$ 88,875.00	$ 44,437.50	$ 44,437.50
SC	SOUTH CAROLINA	46	$ -	$ -		
SD	SOUTH DAKOTA	47	$ 2,099,165.00	$ 1,574,373.75	$ 787,186.88	$ 787,186.88
TN	TENNESSEE	48	$ 692,500.00	$ 519,375.00	$ 259,687.50	$ 259,687.50
TX	TEXAS	49	$ 1,037,350.00	$ 778,012.50	$ 389,006.25	$ 389,006.25
UT	UTAH	52	$ 1,055,000.00	$ 791,250.00	$ 395,625.00	$ 395,625.00
VT	VERMONT	53	$ 593,750.00	$ 445,312.50	$ 222,656.25	$ 222,656.25
VA	VIRGINIA	54	$ 1,665,625.00	$ 1,249,218.75	$ 624,609.38	$ 624,609.38
WA	WASHINGTON	56	$ 386,900.00	$ 290,175.00	$ 145,087.50	$ 145,087.50
WV	WEST VIRGINIA	57	$ 929,600.00	$ 697,200.00	$ 348,600.00	$ 348,600.00
WI	WISCONSIN	58	$ 193,750.00	$ 145,312.50	$ 72,656.25	$ 72,656.25
WY	WYOMING	59	$ 445,704.00	$ 334,278.00	$ 167,139.00	$ 167,139.00
AK	ALASKA	60	$ -	$ -		
HI	HAWAII	61	$ 8,302,700.00	$ 6,227,025.00	$ 3,113,512.50	$ 3,113,512.50
WP	W PAC ISLANDS	62	$ 1,119,125.00	$ 839,343.75	$ 419,671.88	$ 419,671.88
PR	PUERTO RICO	63	$ -	$ -		
VI	VIRGIN ISLANDS	64	$ -	$ -		
			$ 71,688,286.40	$ 53,766,214.80	$ 26,883,107.40	$ 26,883,107.40

Attachment C

Rural Home Loan Partnership
FY 2005
Report of Loans

Count	State (2 ltr Abbr)	RHLP/CDFI Name (do not abbreviate, please!)	Case Number	Applicant's Name (Last, First)	Program Type Code	Total RHS Loan Amount	EZ/EC/REAP Underserved Colonias	1st LENDER NAME	1st LENDER PORTION	1st Lender Int Rate	2nd LENDER PORTION	2nd Lender Int Rate	GRANTOR NAME(S)	GRANTOR PORTION	TOTAL	DATE FUNDED	New Constr. or Existing
SAMPLE	*DC*	*Greater DC RHLP*	*99988877*	*Doe, John S.*	*1031*	*$75,000.00*	*EZ/EC/REAP*	*United Mortgage*	*$25,000*	*6.750%*	*$1,000*	*5.000%*	*FHLB*	*$100*	*$101,100*	*10/31/01*	*New Constr.*
1						$0.00				0.000%		0.000%			$0		
2						$0.00				0.000%		0.000%			$0		
3						$0.00				0.000%		0.000%			$0		
4						$0.00				0.000%		0.000%			$0		
5						$0.00				0.000%		0.000%			$0		
6						$0.00				0.000%		0.000%			$0		
7						$0.00				0.000%		0.000%			$0		
8						$0.00				0.000%		0.000%			$0		
9						$0.00				0.000%		0.000%			$0		
10						$0.00				0.000%		0.000%			$0		
11						$0.00				0.000%		0.000%			$0		
12						$0.00				0.000%		0.000%			$0		
13						$0.00				0.000%		0.000%			$0		
14						$0.00				0.000%		0.000%			$0		
15						$0.00				0.000%		0.000%			$0		
16						$0.00				0.000%		0.000%			$0		
17						$0.00				0.000%		0.000%			$0		
18						$0.00				0.000%		0.000%			$0		
19						$0.00				0.000%		0.000%			$0		
20						$0.00				0.000%		0.000%			$0		
21						$0.00				0.000%		0.000%			$0		
22						$0.00				0.000%		0.000%			$0		
23						$0.00				0.000%		0.000%			$0		
24						$0.00				0.000%		0.000%			$0		
25						$0.00				0.000%		0.000%			$0		
26						$0.00				0.000%		0.000%			$0		
27						$0.00				0.000%		0.000%			$0		
28						$0.00				0.000%		0.000%			$0		
29						$0.00				0.000%		0.000%			$0		
30						$0.00				0.000%		0.000%			$0		

February 22, 2005

SUBJECT: Rural Business Enterprise Grant Program
Community Transportation Association of America
Servicing Action

TO: State Directors, Rural Development

ATTN: Business Program Directors

On March 9, 2004, a Notice was published in the Federal Register regarding technical assistance grants for the Rural Transportation Systems grant program. The Notice indicated that two grants would be available. The first grant, up to a maximum of $497,050, would be awarded from funds appropriated under the Rural Business Enterprise Grant (RBEG) Program. A second grant, up to a maximum of $248,525, would be awarded under the Federally Recognized Native American Tribes set aside for improving passenger transportation services or facilities.

The grant selection cycle has been completed. Community Transportation Association of America (CTAA) has been selected to receive both grants. CTAA delivers technical assistance and training nationwide to local transportation organizations and local governments. Funds to CTAA will be obligated at the National Office level. The Specialty Lenders Division (SLD) has adopted a servicing plan to provide comprehensive servicing and oversight of CTAA grant projects.

Under the servicing plan, State Offices are asked to assist the National Office in servicing the CTAA accounts in accordance with RD Instructions 1951-E, 1901-E, 1942-G, and other applicable regulations. ***State offices will be responsible for ensuring that local CTAA projects are performing and in compliance with the Scope-of-Work as set forth in the USDA/CTAA Grant Agreement.***

The CTAA servicing plan described herein divides the actions and responsibilities for the National and State Offices.

EXPIRATION DATE:
February 28, 2005

FILING INSTRUCTIONS
Community/Business Programs

Actions and Responsibilities Prior to and at the Time of Grant Approval

The SLD Processing Branch (Processing Branch) was responsible for accepting and processing applications for grant assistance from CTAA. Upon grant approval, the Processing Branch identifies the States in which individual training projects are to be located and/or accomplished.

The Processing Branch is responsible for meeting with CTAA to close the grant transaction and secure all of the documents necessary for grant administration.

The Processing Branch will notify the appropriate State Offices that CTAA will be delivering services in their State, the name of the organizations scheduled to receive services, and the type of services to be delivered. Each letter of notification will have a copy of the grant agreement, contact information, and the Scope-of-Work attached.

Upon receipt of notification, each State Office is responsible for initiating contact with CTAA to offer assistance and coordinate delivery of services by CTAA to the ultimate recipient(s) (transportation organization) in their State. In turn, CTAA has requested contact information for each State Office so as to be able to reciprocate local coordination efforts with State Office staff, contractors, and other local interested parties. Processing Branch will provide CTAA with that information. We request that State Offices extend their cooperation to CTAA as they would to any grantee for which they were directly responsible.

Actions and Responsibilities After Grant Obligation

Because the CTAA Grant will be administered from the National Office, field offices in project areas will be relied upon to provide local "hands-on" oversight.

State Offices are asked to perform an initial visit to the site of the ultimate recipient of services. State Offices are to verify that the proposed project is both eligible and consistent with the Scope-of-Work. The staff person conducting the site visit should complete a field visit report. The field visit report should include, but is not necessarily limited to, the name of the person conducting the site visit; the date of the visit; the name and location of the intended ultimate recipient; a brief description of the project; a statement regarding the project's apparent eligibility; a statement regarding its relevance to the Scope-of-Work; and, an indication of any concerns regarding the project.

The field visit report is to be forwarded to the Specialty Lenders Division. The Servicing Branch will respond to any concerns raised by the report and will work directly with CTAA's Washington, D.C. office to resolve those concerns.

CTAA is responsible for completion of its grant requirements. The Servicing Branch will receive and process CTAA's financial status, performance, and annual reports. The Servicing Branch will also receive and process CTAA's requests for reimbursements. Reimbursements will be based on the completeness and accuracy of the reports as well as the level of satisfactory output as reported.

Grant Close-out

The Servicing Branch will review final reports on each grant as submitted. The review will ensure that the work performed under the grants was consistent with the Scope-of-Work and in compliance with program requirements. The Servicing Branch will also provide copies of CTAA's final reports to the appropriate State Offices.

Each State Office will conduct close-out site visits to determine that the intended benefits and purposes of the local grant projects were met. The State Office will complete a close-out report summarizing its findings. Once it has been determined that all work was satisfactory, based on CTAA reports and the close-out report, the Servicing Branch will effect final payment under the grant. Upon final payment, the Servicing Branch will update the Guaranteed Loan System database and effect closure of the file.

On-going CTAA Projects

In addition to the above servicing plan, we are also in the process of ensuring an appropriate level of work under ongoing projects. Based on information submitted by CTAA, we have developed the attached list of such projects, organized by State. By way of a copy of this letter, CTAA is asked to contact each State Program Director to discuss the listed projects, and bring all parties up to date regarding their progress. CTAA is also asked to provide a brief update of each project to the Servicing Branch. This can be accomplished in writing.

If you need further assistance, please contact Melvin Padgett, Loan Specialist, Specialty Lenders Division Servicing Branch at (202) 720-1495.

Thank you for your assistance.

(Signed by William F. Hagy, III)

WILLIAM F. HAGY III
Deputy Administrator
Business Programs

Attachment

RURAL BUSINESS ENTERPRISE GRANTS
TECHNICAL ASSISTANCE PASSENGER TRANSPORTATION GRANTS

States Receiving TA	Name of Entity Receiving TA	Location
3 States(AZ/NM/UT)	Navajo Transit System	
Alaska	Metlakatla Indian Community (SHORT-TERM)	Metlakatla, AK
Alaska	Sitka Tribe of Alaska (SHORT-TERM)	Sitka, AK
Alaska	Craig Community Association (SHORT-TERM)	Craig, AK
Arizona	Catholic Community Services in Southeastern Arizona	Douglas & Bisbee, AZ
Arizona	White Mountain Apache Tribe	Apache/Gila, Navajo
California	Quechan Tribally Designated Housing Entity (SHORT-TERM)	Winterhaven, CA
California	Robinson Rancheria of Pomo Indians	Nice, CA
Florida	Good Wheels, Inc.	Glades & Hendry, FL
Hawaii	Maui Economic Opportunity, Inc.	Maui, HI
Louisiana	Progressive Chapel Community Development Corp	Lake Providence, LA
Louisiana	Iberia Parish Health Network	Iberia Parish, LA
Minnesota	White Earth Reservation Tribal Council	White Earth, MN
Minnesota	Mille Lacs Band of Ojibwe (SHORT-TERM)	Minnesota
Mississippi	Hollandale Economic & Community Dev. Foundation	Washington County, MS
Mississippi	Vicksburg-Warren County Chamber of Commerce	Vicksburg, MS
Montana	Chippewa Cree Tribe of Rocky Boy's Indian Reservation	Box Elder, MT
Montana	Northern Cheyenne Tribe	Northern Cheyenne, MT
Nebraska	Winnebago Indian Tribe (SHORT-TERM)	Winnebago, NE
New Hampshire	Community Action Program Belknap-Merrimack Counties	Belknap-Merrimack, NH
New Mexico	Navajo Transit System	New Mexico
New Mexico	Pueblo of Laguna-Shaa'srk'a Transit Program (SHORT-TERM)	Laguna Pueblo, NM
New Mexico	Mescalero Apache Tribe	Mescalero, NM
New Mexico	Pueblo of Jemez (SHORT-TERM)	Sandoval,NM
North Carolina	Caldwell County Area Transit System, Inc.	Lenoir, NC
Oklahoma	Chickasaw Nation	13 County Area
Oregon	Lewis and Clark Bicentennial Association	Astoria, OR
South Dakota	Oglala Oyate Woitancan Empowerment Zone	Pine Ridge, SD
South Dakota	Cheyenne River Sioux Tribe	Dewey/Ziebach, SD

States Receiving TA	**Name of Entity Receiving TA**	**Location**
South Dakota	Oglala Sioux Tribe (SHORT-TERM)	Pine Ridge, SD
Tennessee	Upper Cumberland Human Resource Agency	Cookeville, TN
Utah	Cedar City Area Chamber of Commerce	Cedar City/Iron County, UT
Vermont	Green Mountain Chapter-American Red Cross	Bennington, VT
Washington	Nooksack Indian Tribe (SHORT-TERM)	Whatcom County, WA
Washington	Port Townsend Chamber of Commerce	Port Townsend, WA
Wisconsin	Western Dairyland Econ. Opportunity Council, Inc.	Whitehall, Trempealeau, WI
Wisconsin	Menominee Indian Tribe of Wisconsin	Menominee, WI
Wyoming	Wind River Transportation Authority (SHORT-TERM)	Wind River, WY

February 28, 2005

SUBJECT: Gift Acceptance Policy

TO: Rural Development State Directors
National Office Officials

ATTN: Administrative Programs Directors

The Departmental Regulation 5200-3, Gift Acceptance Policy, Section 11 requires the reporting of gifts received by an agency that have a value of $5,000 or more. If anyone in Rural Development has received a gift, on behalf of the agency, with a value of $5,000 or more, please provide the following information: date the gift was accepted; full name, address, and telephone number of the donor; name of the accepting official; description of the property (personal, real, money or intellectual); estimated value; and provision of the Departmental Regulation under which this property was accepted. A copy of this Departmental Regulation can be found at the website http://www.ocio.usda.gov/directives/index.html.

Please provide the above requested information to Sam Ward at sam.ward@usda.gov by March 11, 2005. Also, if your office/staff has not accepted a gift of $5,000 or more on behalf of the agency, please send Mr. Ward an e-mail to that effect. If you have any questions regarding this issue, please call Mr. Ward at 202-692-0021.

(Signed by Sherie Hinton Henry)

SHERIE HINTON HENRY
Deputy Administrator
for Operations and Management

EXPIRATION DATE:
March 31, 2005

FILING INSTRUCTIONS:
Administrative/Other Programs

Sent by electronic mail on 03-01-05 at 7:20 a.m. by PAS.